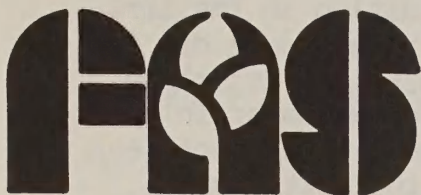


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WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR 2-83

WASHINGTON, Jan. 12--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade:

GRAIN AND FEED

The condition of SOUTH AFRICA's 1982 corn crop worsened during December due to below normal rainfall levels and above normal temperatures in many areas of Transvaal Province and the Orange Free State. Traditionally, South Africa experiences a dry spell during late December and early January. This year, however, the dry weather, combined with abnormally high temperatures, began early. Rains are urgently needed during the next two to four weeks to improve crop prospects. Currently, the USDA is forecasting the 1982 South African corn crop at 11.0 million tons, up 30 percent over last year's drought-stricken crop. However, without rains soon, crop prospects will begin to decline.

In the UNITED STATES, three classes of wheat with different end uses are now available at about the same price--an aberration that seldom occurs. Western white, hard red winter--ordinary protein) and hard red spring (Northern spring/dark Northern spring (14 percent protein) are all currently priced at around \$169 per ton for shipment out of the Pacific Northwest.

Of these three classes, white wheat is usually the lowest priced, but strong demand from India, Egypt and Japan, coupled with large entries into the reserve program since 1978, is keeping white wheat prices at their highest level since 1980. Conversely, 14 percent spring wheat is usually the most expensive of the three, but large quantities coming out of the 1976 and 1977 reserve program from North Dakota and Montana, along with ample 1982 supplies, have dampened prices. Winter wheat purchases have been kept firm by large Indian purchases of hard red winter wheat out of the Pacific Northwest, rumors of problems with dark hard vitreous requirements of USSR winter wheat purchases at the U.S. Gulf and the possible re-entry of India into the market in early January 1983.

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INDIA's 1983 wheat crop is currently in good condition in the irrigated areas of the northwest region. However, conditions have become dry in the non-irrigated areas of Bihar, Madhya Pradesh, Maharashtra and Rajasthan. Little to no precipitation has fallen since the beginning of November in the non-irrigated areas, causing soil moisture to decline steadily. Current levels are critically low. Without appreciable rains during the next several weeks, 1983 crop prospects will deteriorate. In 1982, Indian wheat production reached a record 37.8 million tons. The USDA will release its first production estimates of the 1983/84 crop year in May 1983.

FRANCE and POLAND have reportedly signed a barter deal, which calls for France to provide 160,000 tons of grain (mostly wheat) in exchange for 500,000 tons of Polish coal. This arrangement appears to circumvent official French reluctance to sell Poland grain on credit.

OILSEEDS AND PRODUCTS

MEXICO's reduced production of cottonseed and soybeans, in part caused by Hurricane Paul, is expected to result in increased cottonseed and soybean meal imports. Earlier decisions to reduce soybean crush in Mexico have resulted in soybean meal shortages in recent months; consequently projected imports of 150,000 tons of soybean meal are three times previous estimates. A small number of crushing mills in Mexico utilize cottonseed almost exclusively and may be forced to close if additional cottonseed is not imported. Mexico is expected to tender for 170,000 tons of cottonseed, in addition to 250,000 tons of sunflowerseed, during the week of January 10. Cottonseed imports of this amount would be more than three times the previous import estimate.

In FRANCE, monetary distortions favoring the export of domestically produced oilseeds to other European Community (EC) countries have led to shortages of rapeseed and sunflowerseed available for crushing in French plants. This is occurring despite increased production of both crops. West German crushers in particular can pay higher prices to French farmers due to green rate differences. French crushers cannot compete against the Germans for sunflowerseed, and consequently French crush is expected to decrease 10 to 20 percent in the current marketing year while sunflowerseed exports are forecast to increase markedly. A similar situation has developed with rapeseed, resulting in the closure of two French crushing plants in December.

Fishmeal exports from FISHMEAL EXPORTERS ORGANIZATION (FEO) countries, which account for the lion's share of world exportable supplies, increased to 187,000 tons during October 1982--45 percent above the same month in 1981. However, October fishmeal production at 106,000 tons was up only slightly. Therefore, stocks declined sharply. Data are as follows in 1,000 tons:

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| Country | Jan-Oct 1981 | | | Jan-Oct 1982 | | |
|--------------|--------------|---------|---------------|--------------|---------|---------------|
| | Production | Exports | Ending Stocks | Production | Exports | Ending Stocks |
| Chile | 539 | 331 | 288 | 612 | 499 | 306 |
| Iceland | 105 | 89 | 24 | 42 | 53 | 12 |
| Norway | 296 | 240 | 85 | 271 | 181 | 99 |
| Peru | 350 | 229 | 132 | 505 | 523 | 81 |
| South Africa | 151 | 4 | 35 | 137 | 1 | 33 |
| Total | 1,441 | 893 | 564 | 1,567 | 1,257 | 531 |

As of late December, fishmeal prices, basis Europe, strengthened to \$438 per ton--34 percent above the October low and 10 percent above a year earlier. The fishmeal/soybean meal price ratio is now about 1.82 to 1, compared with 1.70 to 1 a year ago.

The recent significant price increase reflected stock reductions in major exporting countries, as well as uncertain fishing conditions off the Peruvian coast due to a recent warming current. This warming is more extensive than the El Nino warming current that devastated the Peruvian fishing industry in 1972.

DAIRY, LIVESTOCK AND POULTRY

ARGENTINA's beef production continues to decline. Estimated 1982 beef and veal production will be 3 percent below the August estimate and 15 percent below 1981 levels, according to the U.S. agricultural attache in Buenos Aires. For 1983, beef production is expected to decline another 4 percent. Slaughter of mature animals is likely to fall 6 percent but higher carcass weights will offset part of that decline. Lower slaughter will allow cattle inventories to grow by 3 percent. Argentine ranchers have been encouraged by good pasture conditions, rising prices due to internal peso inflation and the expectation of further price increases. Live steer prices rose from 13,613 pesos per kilogram (\$17.69 per 100 pounds) in July 1982 to 26,648 pesos per kilogram (\$30.84 per 100 pounds) in the first-half of October--an increase of 74 percent in dollar terms and 96 percent in peso terms.

Egg production in ALGERIA, a major importer of eggs, is growing rapidly as efforts are made to meet increasing demand. Egg production in 1982 is forecast at 187 million units, 60 percent above the 1981 level of 116 million units. The 1981 level was more than double the level of 1980. Along with production, imports also have increased rapidly, from 17,000 tons in 1978 to over 40,000 tons in 1980. Spain and the Netherlands are the major suppliers. Despite rapid production increases, import demand for eggs is expected to continue to increase throughout the 1980s.

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COTTON AND FIBERS

In EGYPT, experimentation with U.S. upland cotton varieties continues despite disappointing yields for the second consecutive year. Additional testing will continue because of U.S. upland cotton's high yield potential and relatively short growing season, compared with that of Egyptian cotton.

TOBACCO

In JAPAN, the Customs Tariff Council has recommended a number of tariff reductions, some of which are on tobacco products, a move likely to increase the flow of U.S. cigarettes into that country. If approved, these recommendations will take effect April 1, 1983. U.S. tobacco products affected include cigarettes, on which the tariff rate is to be reduced from 35 percent to 20 percent. Tariffs will also be lowered for cigars and cheroots (from 35 percent to 20), pipe tobacco (from 60 percent to 35) and other manufactured tobacco (from 7 percent to 4).

Japan has not only been a major market for U.S. unmanufactured tobacco, but also an important one for cigarettes. U.S. cigarette exports to Japan during the first 11 months of 1982 totaled \$61 million. Shipments during 1981 amounted to \$74 million.

SUGAR

ARGENTINA's 1982/83 sugar production is estimated at 1,62 million tons (raw value), nearly the same as the 1981/82 level, according to the U.S. agricultural attache in Buenos Aires. This is above the previous estimate due to a more favorable reaction by sugar mills to the government's 25 percent subsidy on sugar exports established in September 1982. This, together with previous peso devaluations, helped to offset the unfavorable international sugar price situation.

FRUITS AND NUTS

BRAZIL's 1982 commercial orange harvest in the State of Sao Paulo is estimated at 7.96 million tons, 8 percent above 1981. Of this total, 6.53 million tons will be available for processing. Initial estimates have been reduced due to the late bloom of valencias, moving the harvest into the rainy season and causing fruit losses. Sao Paulo's production in recent years has represented between 75 and 80 percent of Brazil's total output, as well as virtually all of the oranges for processing.

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Selected International Prices

| Item | : January 4, 1983 | | : Change from : A year | |
|------------------------------------|-------------------|------------|------------------------|-----------|
| | : | | : previous week : ago | |
| | \$ per MT | \$ per bu. | \$ per MT | \$ per MT |
| ROTTERDAM PRICES 1/ | | | | |
| Wheat: | | | | |
| Canadian No. 1 CWS-13.5%* | 200.00 | 5.44 | -2.00 | N.Q. |
| U.S. No. 2 DNS/NS: 14%.... | 184.00 | 5.01 | +5.50 | 189.00 |
| U.S. No. 2 DHW/HW: 13.5%** | N.Q. | -- | -- | 202.00 |
| U.S. No. 2 S.R.W..... | 153.50 | 4.18 | +2.50 | 171.50 |
| U.S. No. 3 H.A.D*..... | 169.50 | 4.61 | -1.50 | 193.00 |
| Canadian No. 1 A: Durum*.. | 195.00 | 5.31 | -2.00 | 216.00 |
| Feed grains: | | | | |
| U.S. No. 3 Yellow Corn.... | 116.75 | 2.97 | -.75 | 133.50 |
| U.S. No. 2 Sorghum 2/..... | N.Q. | -- | -- | 140.50 |
| Feed Barley 3/..... | N.Q. | -- | -- | N.Q. |
| Soybeans and meal: | | | | |
| U.S. No. 2 Yellow..... | 234.50 | 6.38 | +4.50 | 259.50 |
| Brazil 47/48% SoyaPellets 4/ | 232.50 | -- | +1.00 | N.Q. |
| U.S. 44% Soybean Meal..... | 218.00 | -- | +1.00 | 238.00 |
| U.S. FARM PRICES 5/ | | | | |
| Wheat..... | 128.97 | 3.51 | +1.37 | 137.42 |
| Barley..... | 62.92 | 1.37 | +1.37 | 84.05 |
| Corn..... | 89.36 | 2.27 | -0- | 95.27 |
| Sorghum..... | 91.27 | 4.14 6/ | +66 | 89.29 |
| Broilers 7/..... | 928.80 | -- | -15.65 | 928.37 |
| EC IMPORT LEVIES | | | | |
| Wheat 8/..... | 116.20 | 3.16 | +3.96 | 86.90 |
| Barley..... | 115.10 | 2.51 | +8.27 | 79.50 |
| Corn..... | 115.30 | 2.93 | +4.97 | 101.30 |
| Sorghum..... | 106.15 | 2.62 | +2.81 | 92.20 |
| Broilers 9/..... | 313.00 | -- | +5.00 10/ | 248.00 |
| EC INTERVENTION PRICES 11/ | | | | |
| Common wheat(feed quality) | 190.62 | 5.19 | +2.76 | 192.00 |
| Bread wheat..... | 209.77 | 5.71 | +3.03 | 221.55 |
| Barley and all | | | | |
| other feed grains..... | 190.62 | -- | +2.76 | 192.00 |
| Broilers 12/..... | 1089.00 | -- | -16.00 | -- |
| EC EXPORT RESTITUTIONS (subsidies) | | | | |
| Wheat..... | 84.42 | 2.30 | -- | 65.55 |
| Wheat flour..... | N.Q. | N.Q. | N.Q. | N.Q. |
| Barley..... | 87.50 | 1.91 | -- | 41.91 |
| Broilers 9/..... | 202.00 | -- | +3.00 10/ | 145.00 |
| Sugar, refined 13/..... | 375.00 | -- | 334.00 | N.Q. |

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Optional delivery: Argentine Granifero sorghum. 3/ Optional delivery: Canadian feed barley. 4/ Optional delivery: Argentine. 5/ Based on selected major markets and adjusted to reflect farm prices more closely. 6/ Hundredweight (CWT). 7/ Nine-city average; wholesale weighted average. 8/ Durum has a special levy. 9/ EC category--70 percent whole chicken. 10/ Change in dollar value of broiler levy or restitution generally reflects currency fluctuations and not change in level set by EC. 11/ Basically the intervention price is the EC farm price support, determined annually. 12/ F.o.b. price for whole broilers at West German border. 13/ Week of Jan. 4, based on a maximum subsidy of 37.47 ECU's per 100 kg. N.Q.=Not quoted.

Note: Basis January delivery. * April-May. ** HRW 13%.

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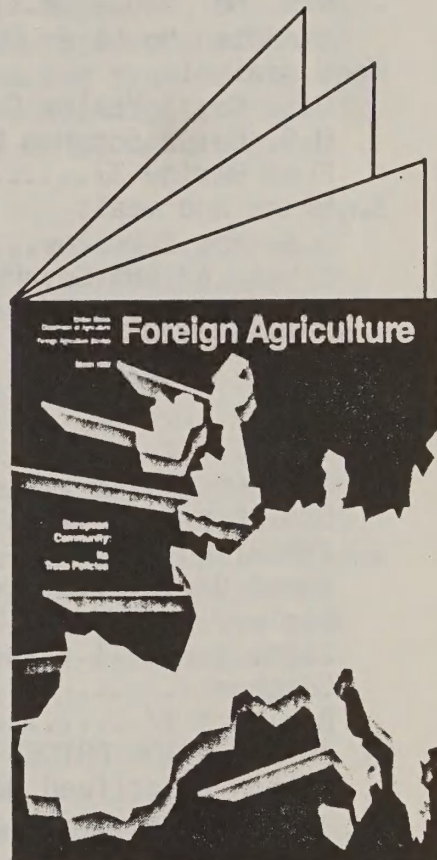
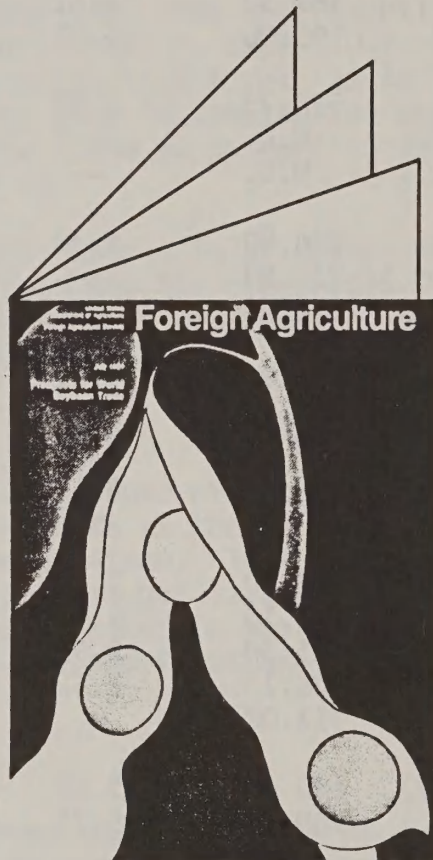
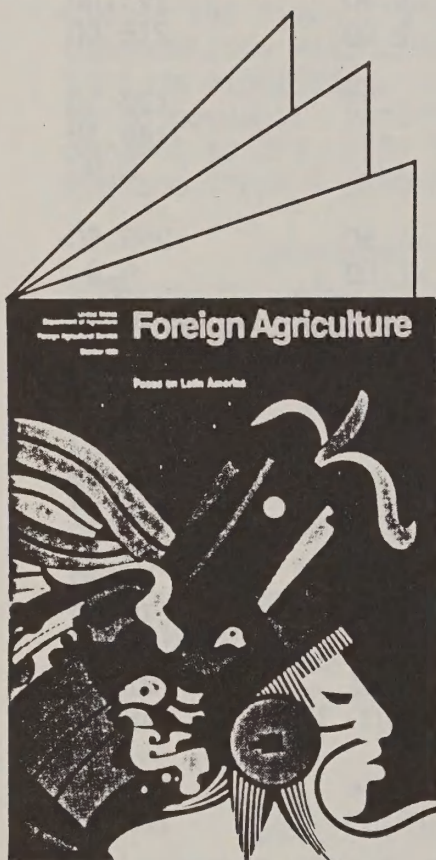
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